

# *Environmental, Social & Governance Report 2023*



Tianjin Capital Environmental Protection Group Company Limited

天津創業環保集團股份有限公司

H Share Stock Code: 1065    A Share Stock Code: 600874

# 2023 Environmental, Social & Governance Report

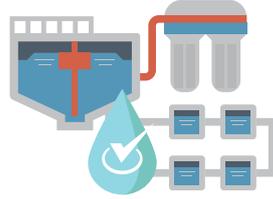
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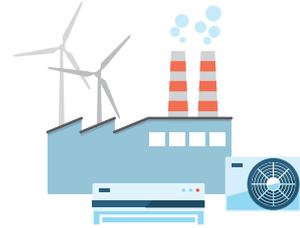
HIGHLIGHTS OF THE ANNUAL PERFORMANCE



**4.665** billion  
Total turnover



**1,643.4731** million  
cubic meters  
Sewage treatment capacity <sup>1</sup>



**3.9** million square  
meters  
New energy cooling and heating area



**5,589** tonnes of carbon dioxide  
equivalent/facility  
Greenhouse gas intensity



**15,741** tonnes/facility  
Waste intensity



**8,284** MWh/facility  
Energy intensity



**0**  
Injury rate



**116,518** hours  
Total training time



**92%**  
Training percentage



**867** people  
Number of visitors to “Open Day” activities



Over **20**  
Volunteer activities

<sup>1</sup> Do not include commissioned business.

## ABOUT THE REPORT

This is the eighth environmental, social, and governance (“ESG”) report (the “Report”) issued by Tianjin Capital Environmental Protection Group Company Limited (the “Company”, collectively referred to as “the Group” along with the subsidiaries). The Report is available in both Chinese and English and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (“HKEx”) for easy reference.

### Reporting Scope

The Report covers the sustainability performance of the Group’s core businesses for the period from January 1, 2023 to December 31, 2023 (the “Year”). The Group’s core businesses<sup>2</sup> include sewage treatment, water supply, water recycling, new energy cooling and heating supply, sludge disposal, hazardous waste treatment, etc. Environmental and Social Key Performance Indicators (“KPIs”) and other relevant statistical information have been covered for the Group’s direct operations in these areas. The relevant businesses and operations are financially significant and operationally influential to the Group and the Group has direct operational control over them. For more information on corporate governance matters, see the chapter “Corporate Governance” in section 4 of the Company’s Annual Report 2023.

Business Segment	Regional	
	Company	Project Name
Water Treatment & Water Resource Utilization	Beijing-Tianjin-Hebei Region	Xianyang Road Sewage Treatment Plant (Old Plant)
		Xianyang Road Sewage Treatment Plant (New Plant)
		Beicang Sewage Treatment Plant
		Jingu Sewage Treatment Plant
		Dongjiao Sewage Treatment Plant
		Tianjin Jinning Capital Water Co., Ltd. Ninghe Modern Industrial Zone Sewage Treatment Plant
		Tianjin Xiqing Tianchuang Environmental Protection Co., Ltd Dasi Sewage Treatment Plant
		Tianjin Jinghai Capital Water Co., Ltd. Tianyu Science Park Sewage Treatment Plant
		Anguo Capital Water Co., Ltd. Anguo City Sewage Treatment Plant
		Hebei Guojin Tianchuang Sewage Treatment Co., Ltd. Zhenxing Sewage Plant
		Dalian Oriental Chunliuhe Water Quality Purification Co., Ltd. Dalian Chunliuhe Sewage Treatment Plant
		Wendeng Capital Water Co., Ltd. Wendeng Sewage Treatment Plant
		Wendeng Capital Water Co., Ltd. Gejiazhen Sewage Treatment Plant
		(Not in operation)

<sup>2</sup> For more information, please refer to page 20 of the Company’s Annual Report 2023.

Business Segment	Regional Company	Project Name		
Yellow River Basin Region	Inner Mongolia Bayannur Capital Water Co., Ltd. (“Bayannur Company”)	Linhe Second Sewage Treatment Plant (Sewage, Reclaimed Water)		
		Urad Front Banner Branch (Sewage Treatment, Reclaimed Water Reuse and Water Supply Integrated Project)		
		Urad Rear Banner Branch (Sewage Treatment, Reclaimed Water Reuse and Water Supply Integrated Project)		
		Xi’an Capital Water Co., Ltd. (“Xi’an Company”) Dengjiacun Sewage Treatment Plant		
		Xi’an Capital Water Co., Ltd. Beishiqiao Sewage Treatment Plant		
		Jiuquan Capital Water Co., Ltd. First Sewage Treatment Plant		
		Jiuquan Capital Water Co., Ltd. Second Sewage Treatment Plant		
		Jiuquan Capital Water Co., Ltd. Second Sewage Treatment Plant Reclaimed Water Reuse Project		
		Linxia Capital Water Co., Ltd. Linxia City Sewage Treatment Plant		
		Karamay Tianchuang Capital Water Co., Ltd. Karamay Second Sewage Treatment Plant		
		Karamay Capital Water Co., Ltd. Karamay City Nanjiao Sewage Treatment Plant*		
		Yangtze River Delta Region	Fuyang Capital Water Co., Ltd.	Yingnan Sewage Treatment Plant
				Yingdong Sewage Treatment Plant
				Yingnan Reclaimed Water Plant
				Hanshan County Sewage Treatment Plant Phase I
Hanshan County Sewage Treatment Plant Phase II, Standard Improvement Project, Tailwater Purification Project, Pipeline Network Project*				
Jieshou Capital Water Co., Ltd. (“Jieshou Company”) Jieshou City Sewage Treatment Plant				
Guangwu Circular Economy Industrial Park Centralized Sewage Treatment Plant				
Jieshou City Dongcheng Sewage Treatment Plant				
Jinzhai Township Employment Creation Park Sewage Treatment Plant				
Yingnan Sewage Treatment Plant				
Tianying Science Park Sewage Treatment Plant				
Township Sewage Treatment Plant				

Business Segment	Regional Company	Project Name
		Hangzhou Tianchuang Capital Water Co., Ltd. Qige Sewage Treatment Plant Phase I and II
		Deqing Capital Water Co., Ltd. Deqing Qianyuan Sewage Treatment Plant
		Huoqiu Capital Water Co., Ltd. Huoqiu County Chengbei Second Sewage Plant
		Baoying Capital Water Co., Ltd. Baoying Xianhe Sewage Treatment Plant
		Anhui Tianchuang Water Co., Ltd. Yuwan Sewage Treatment Plant
		Hefei Capital Water Co., Ltd. (“Hefei Company”) Taochong Sewage Treatment Plant
		Yingshang Capital Water Co., Ltd. Yingshang County Chengnan Sewage Treatment Plant
Greater Bay Area Region		Honghu Capital Water Co., Ltd. Honghu City Sewage Treatment Plant
		Honghu Tianchuang Environmental Protection Co., Ltd. Honghu Township Sewage Plant (Phase II)* (Not in operation)
		Xianning Capital Water Co., Ltd. Xianning Yong'an Sewage Treatment Plant
		Chibi Capital Water Co., Ltd. Chibi City Sewage Treatment Plant
		Hanshou Tianchuang Water Co., Ltd. Hanshou Yuanquan Waterworks
		Honghu Tianchuang Water Co., Ltd. Honghu Township Sewage Treatment Plant
		Changsha Tianchuang Environmental Protection Co., Ltd. Ningxiang First Sewage Treatment Plant
		Changsha Tianchuang Water Co., Ltd. Ningxiang Second Sewage Treatment Plant
		Enshi Capital Water Co., Ltd. Enshi City Dashaba Sewage Treatment Plant*
Southwest Region		Guizhou Capital Water Co., Ltd. Xiaohe Sewage Treatment Plant (Phase I)
		Shibinggui Capital Water Co. Ltd. Shibing County and Township Sewage Treatment PPP Project*
		Qujing Capital Water Co., Ltd. (“Qujing Company”) Liangjiangkou Sewage Treatment Plant
		Qujing Capital Water Co., Ltd. Xicheng Sewage Treatment Plant
		Qujing Capital Water Co., Ltd. Qujing First, Second and Third Waterworks
		Huize Capital Water Co., Ltd. Huize Sewage Treatment Plant

## 2023 Environmental, Social & Governance Report

Business Segment	Regional Company	Project Name
	Reclaimed Water Company	Jingu Reclaimed Water Plant Xianyang Road Reclaimed Water Plant (Old Plant) Xianyang Road Reclaimed Water Plant (New Plant)* Dongjiao Reclaimed Water Plant Beichen Reclaimed Water Plant Zhangguizhuang Reclaimed Water Plant
Dual Carbon & New Energy	Green Energy Company	Tianjin Culture Center Energy Station Binhai Culture Center Energy Station Heiniucheng Road Energy Station Hesheng Building Heating Station
Sludge Treatment & Solid Waste Resource Utilization	Caring Company	Shandong Capital Environmental Protection Technology Co., Ltd. (“Shandong Company”) Shandong Tanchuang Environmental Protection Technology Development Co., Ltd. Jiangsu Yonghui Resources Utilisation Co., Ltd. Gaoyou Compro Environmental Resources Co., Ltd. Caring Company Jinnan Sludge Plant

The Group will continue to enhance the internal information gathering system in the future and further expand the scope of reporting disclosure where practicable.

\* New operating sites added during the Year.

### Reporting Principle

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) detailed in Appendix C2 of the HKEx Main Board Listing Rules. It also refers to the Global Reporting Initiative (“GRI”) Standards. In preparing the Report, the Group has adhered to the reporting principles outlined in the aforementioned ESG Reporting Guide, as follows:

- **Materiality:** Through stakeholder participation, we identify significant sustainability issues. In this process, we also regularly refer to peer, local, and regional sustainability standards.
- **Quantitative:** The criteria and methodology for the calculation of KPIs and the assumptions applied have been provided in the footnotes. Quantitative information is derived from the statistical records of the relevant departments and project companies of the Group.
- **Balance:** We highlight and detail the Group’s accomplishments as well as the challenges it encounters.
- **Consistency:** With the exception of specific annotations, the methods, KPIs, and other related statistical factors we use remain unchanged. This ensures stakeholders can make meaningful comparisons with the Group’s past reports.

The appendix in the final chapter of the Report contains the complete ESG Reporting Guide and the GRI Standards Content Index for quick reference.

### Confirmation and Approval

The Group has established an internal control and risk management mechanism to ensure the accuracy and reliability of all information presented in the Report. The Board of Directors reviewed and approved the Report on March 22, 2024.

#### FEEDBACK

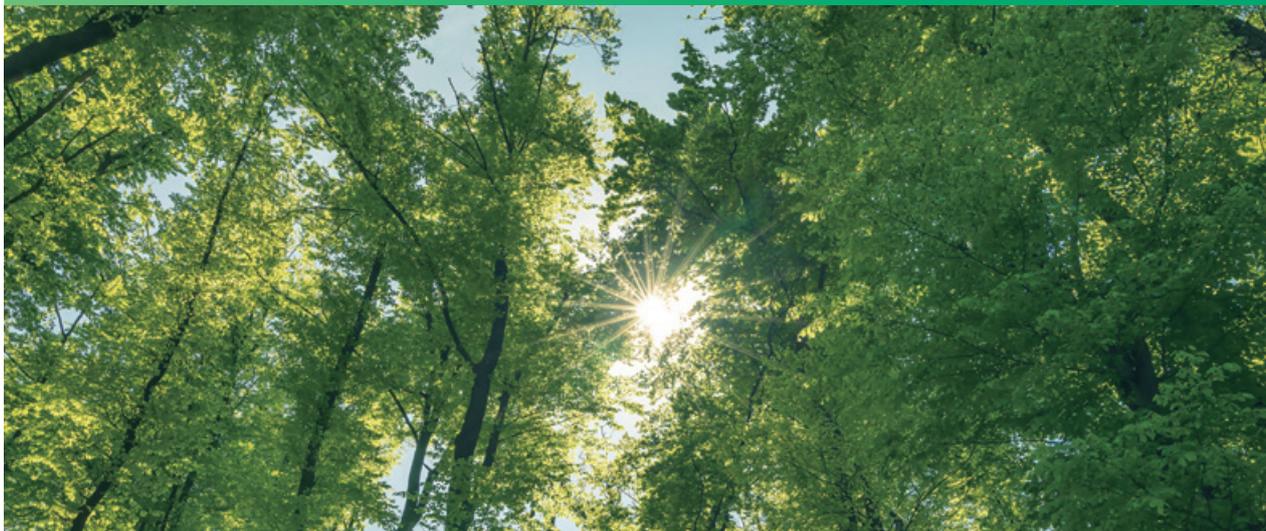
If you have any questions or suggestions about the content of the Report, please reach out to the Group using the following methods:

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## FEATURE STORY



Under the 14th Five-Year Plan, the State is committed to building an ecological civilization, reflecting a deep understanding of the urgency of solving environmental problems and climate change, and the building of an ecological civilization has moved into the strategic direction of carbon emission reduction. The government is strengthening its regulation and supervision of environmental management and incentivizing industries to adopt cleaner and more efficient technologies. The clear advocacy of green and low-carbon development and the commitment to strict control of greenhouse gas emissions signal that China will accelerate its transition to a more sustainable and green economy, and that in the future environmental protection will no longer be an afterthought, but a critical part of economic and social development.

As a forward-thinking and responsible environmental protection company, Tianjin Capital Environmental Protection actively responds to the State's call for energy-saving and emission reduction measures. The Group has conducted extensive research in areas such as sewage treatment plant pollution reduction, carbon and energy reduction, process improvement, and intelligent operations, with the aim to reduce the carbon footprint of operational processes and to prepare a solid technological reserve for future development. These research and development efforts focus on green and low-carbon development, which is leading the way towards achieving long-term carbon neutrality. In the meantime, these environmental objectives have been integrated into the Group's business model, with dual-carbon business recognized as a strategic new business priority, focusing on three major areas: green energy, energy-saving management, and circular economy. Innovations and practices in photovoltaic and geothermal energy, as well as integrated resource recycling, are being initiated in four key directions: carbon reduction, carbon mitigation, carbon substitution, and carbon control to meet emission reduction targets.

During the Year, the Group established the Dual Carbon Research Center on March 16<sup>th</sup> to strengthen our role in the industry for energy-saving, pollution reduction, and carbon reduction. The Center's main function is to conduct research on dual carbon policies and market analysis, providing crucial support for corporate green transformation. Taking into account the Group's specific circumstances, the Center conducts in-depth studies of national and local dual carbon policies, analyzes market trends and industry dynamics, and provides the Group with accurate information and recommendations, assisting in formulating more scientific and feasible dual carbon strategies. Simultaneously, the Center will focus on technological innovations that align with dual carbon objectives, including new energy technology, carbon capture and utilization technology, energy efficiency enhancement technology, and sewage treatment resource recovery technology. Through ongoing research, development, and innovation, the Center will provide cutting-edge technical support and consulting services, aiding the Group in achieving dual carbon goals and enhancing competitiveness.

Except for conducting policy research and providing technical solutions, the Dual Carbon Research Center is also responsible for internal and external knowledge transfer and communication. By organizing relevant training and promotional activities, the Center enhances the dual-carbon awareness and skills of our employees, promotes sustainability practices within the Group, and guides more people to pay attention to and participate in green development. Through exchanges and cooperation with industry, academia and research institutes, the Center will realize the sharing of resources, technologies and experiences, not only broadening its own research fields and ideas, but also providing more partners and development opportunities for the Group. This kind of cooperation and exchange will help to enhance the synergistic innovation capability between the industry and enterprises, and jointly promote the realization of the dual carbon goal in the water industry.

On the project level, Jiayuan's "Application for Science and Technology Project – Application and Research of Intelligent 'Energy + Dual Carbon' Service Platform under New Circumstances" was successfully implemented. This platform, by standardising production, enhancing the management of production equipment, ensuring security, and utilizing big data processing technology, strongly supports energy saving, carbon reduction, and project optimization. The Group has applied for six software copyrights and one invention patent based on this project.

- Standardisation of production yields enhanced benefits: Automated and intelligent operations, based on existing cost leadership, have reduced human costs in production. As the number of operational projects increases, this advantage becomes more pronounced.
- Improved production equipment management system reduces maintenance costs: Laying the foundation for full life-cycle management of assets, not only improves the efficiency of equipment utilization, but also significantly reduces maintenance costs.

- Early warning and alert function enhances security: By monitoring and analyzing data in real time, the platform can detect potential security issues promptly. It provides early warnings and alerts to management, ensuring maximum safety for production and the quality of energy supply.
- Big Data processing techniques optimises projects: Analyzing data from multiple perspectives can provide robust data support for full-cycle management of new projects, including investment, design, construction, operation, and marketing. The platform also features a carbon management module, which can calculate carbon-saving assets based on industry-specific algorithms, and includes a carbon trading docking module, to align with the nation's dual carbon strategy.

Additionally, the “Regional Integrated Energy Station” was recognised as a “Tianjin Low-Carbon (Zero-Carbon) Application Site (2023)” by the Tianjin Municipal Development and Reform Commission and the Tianjin Municipal Bureau of Ecology and Environment. The Group's Jingu Sewage Treatment Plant and Xianyang Road Sewage Treatment Plant were also approved as carbon monitoring pilot projects under the “Deepening Carbon Monitoring and Assessment Pilot Program” of the Ministry of Ecology and Environment, providing support to the national deployment of promoting pollution reduction and carbon synergy in the water sector.

## STABLE OPERATIONAL MANAGEMENT

Finding a balance between the pursuit of economic prosperity and addressing social and environmental issues is imperative. To achieve this, the Group recognizes good corporate governance and ESG management as key to quality corporate development, and actively engages with stakeholders. We believe that by leveraging our core competencies of workforce, operational capabilities, and corporate reputation, we can achieve healthy and sustainable growth.

### Sustainability Management

As an environmentally conscious company, the Group adheres to the mission of “purify the ecological environment, enhance living quality”, being committed to building a sustainable green water industry by incorporating sustainability into our business practices and decision-making processes. The Board of Directors, as the guide for our sustainability initiatives, takes overall responsibility for the Group’s ESG issues and reporting. On a strategic level, our “Strategic Planning and Management System” oversees the strategy formulation process that involves the participation of the Company’s shareholders’ general meeting, Board of Directors, Party Committee, Strategic Committee, General Manager’s Office, and other strategic management entities of the Company. We also adjust the strategic direction in line with the risk categories outlined in the “Strategic Risk Contingency Management Guidelines”.

The Board of Directors Office (the “Board Office”) has been authorized by the Group to manage affairs related to environmental and social performance, corporate social responsibility, and daily external information disclosure, assisting the Board in fulfilling corporate governance. The Board Office communicates regularly with board members to deepen their understanding of sustainable development issues and provide guidance on legal, regulatory requirements, and industry developments. The Group’s ESG Working Group is tasked with collecting and analyzing ESG data, monitoring the Group’s ESG performance, reviewing goal progress, and suggesting necessary actions to achieve these goals. It also reviews the annual ESG reports and other related disclosures. To further strengthen sustainability governance, the Group plans to establish a Sustainability Committee in 2024. This Committee will oversee, review, and suggest improvements for ESG and sustainable development policies, frameworks, and management guidelines. It will also regularly report to the Board on the progress of ESG goals. Through the creation of a systematic sustainability governance structure, the Group aims to clearly define the responsibilities of departments and personnel at various levels of supervision, decision-making, and execution, and to effectively implement sustainability work.

### *Sustainability Risk and Opportunity*

For ensuring the effectiveness of the risk management and internal control system, the Board of Directors is responsible for determining the nature and extent of the risks that the Group is willing to accept in the pursuit of strategic objectives and for conducting periodic reviews. The Group is committed to proactively addressing issues related to sustainable development, strengthening risk management and integrating sustainability considerations, including the issues set out below, into its risk management system and operating strategy.

Industry risks	Risk descriptions	The Group's responses
Environmental regulation violations	The Group's operations involve emissions that may affect the environment, such as sewage, exhaust gases, and waste. If violations are found, it could lead to heavy fines, additional operating costs for remediation, or the interruption and termination of operations.	The Group has established targeted environmental protection systems to ensure compliance with environmental regulations.
Physical risks of climate change	Climate change increases the frequency of extreme weather events such as typhoons and heavy rains. Long-term high temperatures also have a continuous impact on the working and living environment of local employees, which may reduce their work efficiency and pose a threat to their health.	The Group will, according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), carry out work on climate-related financial risk and opportunity response plans, systematically analysing the risks and opportunities that climate change poses to the Group's project operations.
Transition risks of climate change	Climate change may lead to shifts in market preferences. If businesses do not follow the expectations of customers and the public, it may reduce the chances of winning bids in projects, affecting the Group's long-term income and profit.	
Occupational health and safety	As an environmental service provider, daily operations involve potential occupational safety risks, such as chemical leaks, equipment failures, etc.	The Group has formulated and issued management documents such as the "Safety Risk Classification Control Management System" and the "Hidden Trouble Control Management System for Production Safety Accidents", regularly carries out hazard identification and risk evaluation activities, and provides employees with sufficient safety protection tools and training.

As ecological and environmental protection continues to strengthen, the market for the environmental protection industry in China is expanding, creating more development opportunities. Leveraging our technical system and research and development capabilities, the Group has been actively developing new environmental protection techniques and technologies, also promoting the digital and intelligent transformation of our business and management. This has led to a standardised, digitalised, intelligent, and replicable professional operation system and service output. Over the Year, several technological innovation and improvement projects were implemented:

- Constructing a smart “Energy + Dual Carbon” service platform: It optimises the load prediction system, cost prediction system, management strategies, and control logic, also enhances aspects such as equipment optimisation, intelligent safety production, cloud computing, and carbon asset management.
- Developing the Online Sludge Settling Performance Tester: The development of the sludge settling recognition model based on computer image recognition greatly facilitates the process control operation of sewage treatment plants and improves work efficiency and operation quality.
- Adding new sensors: The number of online, in-process instrument positions at the existing Xianyang Road New Plant has been optimized, providing real-time fine control of the production process and helps achieve the goal of reducing power and drug consumption.
- Establishing an online service platform for the reclaimed water business: It expands the functions of the existing business management system, integrating user services, work order processes, and business management, with the aim to form an integrated, networked, and digital collaborative management platform to enhance service capabilities externally and improve internal management quality.
- Developing a remote intelligent monitoring system for inspecting personnel vital signs in underground sewage treatment plant: Remote intelligent monitoring of inspecting personnel vital signs in underground sewage treatment plant, safeguarding the personal safety of the employees and visitors through the management of personnel entering and leaving, precise positioning of personnel, monitoring of personnel signs, monitoring of the environment, video monitoring, voice broadcasting, and so on. It realises the linkage and interoperability of personnel positioning and body monitoring, access control, digital screen, intelligent inspection system, assessment and training, and other multi-module data, which protects the production safety of the sewage treatment plant in many aspects and improves the management efficiency.

#### *Sustainability Target*

The Group aligns with the Chinese government’s vision of promoting peak carbon performance and carbon neutrality, continuously reviewing our existing environmental management measures and data, and will set quantitative environmental targets for the future. Moving forward, the Group plans to establish and prioritize the United Nations Sustainable Development Goals (UNSDGs) and refine the sustainable business strategy. Our aim is to align our efforts with global sustainability goals and make significant contributions to global sustainability.

### Stakeholder Engagement

Stakeholder<sup>3</sup> participation plays a crucial role in the business management of the Group. It enables the Group to assess potential risks and opportunities. Regular involvement of both internal and external stakeholders fosters their comprehension and trust in the Group's business development. Furthermore, their feedback helps steer our business in the right direction. The Group uses various communication channels to meet the needs of stakeholders.

Main Stakeholder Group	Importance	Key Communication Channel	Issue of Concern
Governments	The governments' guidance, support and supervision are the guidelines and starting point for all our business activities. At the same time, some local governments are our clients and service targets.	<ul style="list-style-type: none"> <li>Local Projects</li> <li>Correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Environmental Protection</li> <li>Supply Chain Management</li> <li>Product Quality</li> </ul>
Investors	Investors are the driving force for our development. The responsibility to provide them with long-term returns is embedded in our core values.	<ul style="list-style-type: none"> <li>Shareholders' Meetings</li> <li>Annual Reports and Announcements</li> <li>Investors Communication Platform</li> <li>Company Website</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Compliance</li> <li>Anti-Corruption</li> <li>Economic Performance</li> </ul>
Employees	Employees are the creators of the Group's worth and at the same time, they are the beneficiaries of our development.	<ul style="list-style-type: none"> <li>Grievance channels</li> <li>Employee Congress</li> <li>Performance Evaluation Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Employee Benefits</li> <li>Economic Performance</li> <li>Development and Trainings</li> <li>Health and Safety</li> </ul>
Industry Peers	The healthy and orderly competitions between us and our peers promote the growth of the environmental industry and improve our professionalism and competence.	<ul style="list-style-type: none"> <li>Industry Forums</li> <li>Alliance Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Procurement Behaviours</li> </ul>

<sup>3</sup> Stakeholders are individuals or groups significantly impacting or being affected by the Group's business. Internal stakeholders include the board of directors, management, and staff, whereas external stakeholders consist of shareholders, investors, suppliers, subcontractors, and customers.

Main Stakeholder Group	Importance	Key Communication	
		Channel	Issue of Concern
General Public	The general public is the ultimate beneficiary of our services, who also oversees our work and shares the fruits thereof.	<ul style="list-style-type: none"> <li>• Community Activities</li> <li>• User Seminars</li> <li>• Water Safety Visits and Investigation</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Protection</li> <li>• Community Investment</li> </ul>
Value Chain Partners	Our value chain partners include manufacturers involved in the provision of products and services in the whole supply chain (both upstream and downstream processes), banks and intermediaries in the capital markets, etc. Sincere cooperation can achieve the goal of a win-win situation for everyone.	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Cooperation Agreement Negotiation</li> </ul>	<ul style="list-style-type: none"> <li>• Business Ethics</li> <li>• Supply Chain Management</li> <li>• Product Quality</li> </ul>

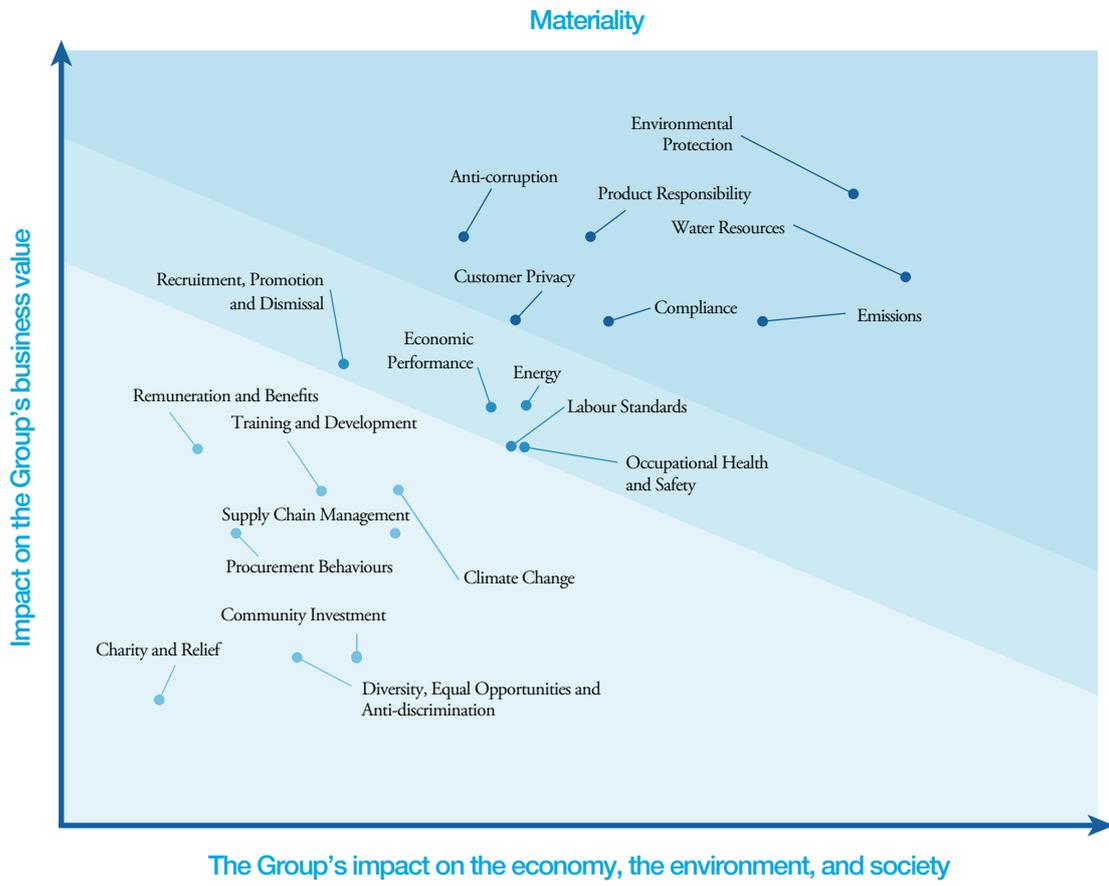
Prospectively, the Group will explore more possibilities to enhance the interaction with different stakeholders.

**Materiality Assessment**

Updating the list of sustainability issues	Review sustainability issues that were identified based on the HKEx ESG Reporting Guide, GRI Standards, national policies, and peer disclosures. They are categorised into three broad categories.
Gathering the views of stakeholders	Set up an online questionnaire survey, and invite stakeholders to anonymously share their views on our sustainability efforts and to understand their level of concern about various issues.
Analysing and reviewing results	The Board of Directors reviews and validates the results of the analysis of the materiality matrix and issues.

The Group conducted a materiality assessment of pertinent sustainability issues and mapped a materiality matrix, using stakeholder feedback and questionnaire results. From the materiality analysis, 11 issues were identified. These were evaluated on two dimensions: “Impact on the Group’s business value” and “The Group’s impact on the economy, the environment, and society”.

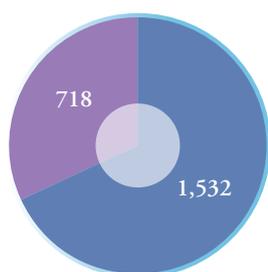
The matrix below shows the prioritisation of the issues. In this matrix, issues near the top right corner are of higher importance to the Group and stakeholders, while those near the bottom left corner are of lesser importance. The Report gives attention to the more important issues, addressing key concerns of stakeholders.



## A Team of Diverse Talents

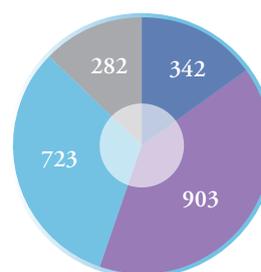
The diversified workforce brings different skills, experience and ideas to the Group, injecting greater potential for development. As at December 31, 2023, the Group had a total of 2,250 employees, with a male-to-female ratio of 1:0.47, specializing in a wide range of fields such as environmental engineering, water supply and drainage, electrical engineering, mechanical equipment and economic management.

Number of Employees  
by Gender



■ Male ■ Female

Number of Employees  
by Age



■ 20-29 years old ■ 30-39 years old  
■ 40-49 years old ■ 50 years old or above

To attract and retain talent, the Group has established comprehensive human resources management procedures in strict accordance with the law. This is achieved through the “Employee Recruitment Management System”, “Employee Compensation Management System”, “Employment Management Requirements” and “Employee Performance Management System”, ensuring a fair recruitment process and offer a comprehensive remuneration and benefits system, including annual salary, various paid holidays<sup>4</sup>, subsidies<sup>5</sup>, and annual free medical check-ups, ensuring the Group’s employees are well protected. The Group also grants discretionary bonuses to employees, based on the Group’s financial performance and their individual achievement of performance objectives and targets. In addition, the Group emphasises the importance of a work environment that promotes equal opportunities and mutual respect. If any employee experiences discrimination, they can lodge a complaint. The Group will then investigate and take appropriate action to ensure that all employees are treated equally and with respect.

The Group takes a zero-tolerance stance towards child labour and forced labour in line with labour standards. We strictly adhere to the “Law of the People’s Republic of China on the Protection of Minors” and other laws such as the “Prohibition of the Use of Child Labour”, ensuring that our employment process is standardised and regulated, and preventing the use of child labour and forced labour at the source. We collect personal information, such as ID cards, during recruitment to verify the applicant’s identity. If an applicant is found to be below the legal working age, their eligibility for employment will be revoked. Our “Attendance, Leave and Overtime Management System” provides clear guidelines regarding working hours to prevent forced or illegal labour. All subsidiaries are also required to designate rest days or pay overtime to employees who work beyond their regular hours, in accordance with both country and the Group regulations.

<sup>4</sup> Including annual leave, marriage leave, bereavement leave, maternity leave, paternity leave, medical sick leave, work injury leave, International Women’s Day leave, and family visit leave.

<sup>5</sup> Including transportation, communication, meals, and high temperature allowances, among others.

Progress during the Year

The Group insists on caring for workers, contacting them and serving them. The Labour Union actively carries out the activities of providing medical assistance, helping with difficulties, offering non-profit services and donating money and goods to workers in need. Up to now, the Group has cared for 26 people suffering from serious illnesses, helped 3 people to apply for mutual aid for serious illnesses, gave care for 4 people getting married, 1 person giving birth to children, 12 people getting retired, and 27 people suffering from deaths of immediate family members, employees, and retired employees. In addition, the Labour Union have insured 495 people with exclusive protection and 169 people with female workers' mutual insurance.

Safe and Efficient Operation

*Safety Management*

The Group is committed to providing a safe and healthy work environment. To this end, we have developed an occupational health and safety management system based on the ISO 45001:2018 “Requirements for Occupational Health and Safety Management System” Standard. We have also established the “Work Safety Responsibility System”, creating a bottom-up, hierarchical structure to manage accidents and clearly outlining the responsibilities of leaders at each level regarding workplace safety. Moreover, various project companies have set up relevant assessment systems in line with the “Production Safety Assessment Management System”, and evaluated the implementation of the safety responsibility system on an annual basis.

Relevant Person

Safety Production Responsibility

Primary Leader

- Enforce national regulations on production safety and establish a sound safety management system;
- Organize the formulation of production safety rules, regulations, and education and training plans. Supervise the strict implementation of these rules and regulations by Group companies and their affiliated units; and
- Develop major accident prevention measures and emergency plans.

Deputy General Manager in charge of safety production

- Responsible for overseeing the daily operations of the Group's Safety Production Committee Office, including researching and developing solutions for outstanding safety production issues and supervising their implementation;
- Conduct safety production meetings to analyze the safety production situation, coordinate efforts, and make decisions; and
- Supervise various departments to ensure they fulfill their safety production responsibilities and adhere to safety production rules and regulations, and promptly address any negligence in the production process.

Relevant Person	Safety Production Responsibility
Deputy General Manager in charge of engineering and construction management and Deputy General Manager in charge of operational management	<ul style="list-style-type: none"> <li>• Responsible for protecting the investment in production safety funds and assisting in the investigation and treatment of hidden dangers, as well as accident rectification work;</li> <li>• Organize and supervise competent departments and construction and operation units to implement safety production education and training programs, and oversee the performance assessment of safety production work; and</li> <li>• Supervise and manage the implementation of occupational hazard control and occupational health prevention and control in all units of Group companies.</li> </ul>
Union Chairman	<ul style="list-style-type: none"> <li>• Assist in conducting accident hazard investigations, governance, and rectification work; and</li> <li>• Organize employees to participate in democratic management and democratic supervision of safety production work, and protect employees' legitimate rights and interests in safety production.</li> </ul>
Secretary of Discipline Inspection Commission	<ul style="list-style-type: none"> <li>• Provide support for identifying and managing potential hazards and implementing corrective actions after accidents; and</li> <li>• Coordinate and oversee safety inspections and supervision of production activities.</li> </ul>

Internal regulations, such as the “Safety Management System” and “Hazardous Chemicals Management System” outline the work environment requirements for each operating sites. There are also specific safety production rules and a comprehensive monitoring mechanism for processes with significant safety hazards. The Group emphasises the cultivation of occupational safety awareness among employees, creating safety education training plans tailored to their job duties. Regular training includes fire safety, dangerous chemicals, and environmental and occupational health safety. We require new employees to complete safety education before starting their roles. Similarly, before interacting with new technologies, equipment, or materials, employees must receive relevant safety education and demonstrate sufficient knowledge and skills. To enhance the promotion of safety production, project company leaders not only communicate and implement the safety culture at all levels during production scheduling meetings, but also use internal communications and WeChat platforms for safety publicity and education.

### “Safety Production Month” activities 2023

In the activity of “Safety Production Month” in the Year, each project company carried out a series of safety production education activities widely participated by employees, such as: the heads of each center and department of the Group, as well as the main person in charge of the units belonging to the Group, the leaders in charge of safety production and safety management personnel participated in safety trainings organised by the Group’s headquarters through on-site and video, respectively. The training combined with the production and operation characteristics of the Group, and took the dual prevention mechanism of safety risk classification and control and hidden trouble detection and management, and disaster prevention during flood season as the theme. Through the training, the Group further strengthened the main responsibility of production safety and improved the safety awareness of personnel at all levels.



The Group strictly adheres to the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”. We implement management methods for occupational health and labour protective equipment under the “Safety Management System”, regulating the prevention, training, and control of occupational hazards, along with the use of labour protective equipment, to ensure workforce safety meets standards set by relevant local authorities. If occupational diseases are detected, each operating sites should promptly report to the Safety Committee and provide affected employees with medical treatment and rehabilitation protections as per regulations. Over the past three years, including the Year, the Group has not reported any work-related deaths or occupational disease incidents.

To ensure the safe and stable operation of the Group, and to enhance our rapid response and emergency handling capabilities, we have developed risk management documents like the “Working Guidelines for Emergency Plan Management System”. This guide adheres to laws, regulations, and directives such as the “Emergency Response Law of the People’s Republic of China”, “Regulations on Emergency Handling of Production Safety Accidents”, and “Management Measures for Emergency Preparedness Plans for Production Safety Accidents”. For each type of emergency event, including fire, poisoning, explosion, electric shock, heatstroke, high-altitude falls, mechanical injuries, and hazardous material leaks, we list the signs of the accident, the emergency organization, handling methods, and special attention items, to minimise damage in case of emergencies. During an emergency, the command center at each operating site directs functional groups like fire and medical rescue teams, evacuation teams, and material supply teams to provide comprehensive assistance. After an incident, the Safety Committee and each project company work together with relevant departments and project leaders to investigate and formulate preventive measures, aiming to reduce the recurrence of similar accidents. We also evaluate the response capabilities and technical levels of production and management personnel at all levels in handling accidents, then summarise experiences and shortcomings to make targeted improvements.

### Specialized Training for 119 Fire Safety Awareness Month

Fire safety is an important part of our daily lives, protecting people, property and the environment from the ravages of fire. In order to further improve the awareness of fire safety of all employees and enhance the ability of emergency response, the Construction Management Center organised a fire safety education and training activity, inviting a senior lecturer from the Propaganda Department of the former Tianjin Fire and Rescue General Brigade to give a lecture. The training included the explanation of “Regulations on Investigation and Handling of Fire Accidents in Tianjin”, and combined with the actual business of the Group. It helped everyone to understand the emergency disposal process after a fire, typical accidents of fire starting operations and other key safety precautions.



### 119 Drill

Through drill and practice, we test the effectiveness of emergency procedures and measures. This also helps to improve employees' ability to handle fire accidents in the workplace. The mutual cooperation and participation of all departments and offices familiarise employees with the emergency organisation and workflow. The drill was attended by the deputy secretary of the party committee, the general manager, other executives, employees, Nankai Fire and Rescue Detachment, Nankai Lingao Fire and Rescue Station, and fire service maintenance units.



### *Quality Management*

The Group has always adhered to the ISO9001 quality management system in order to offer responsible products and services to customers. This involves the establishment and enhancement of our own internal quality management system, and the consistent implementation of rigorous quality and safety controls. Guided by internal documents like the “Operation Quality Management System” and “Project Quality Management System”, the Group mandates that each project annually formulate work plans and objectives related to quality, evaluate their performance through monthly operational summaries and analyses, aiming to identify and address any gaps, thereby improving quality management.

#### **Project Construction**

During the construction process, the Group has established and strictly enforced the “Project Quality Management System”, set up dedicated departments to regularly supervise the construction situation, and improved the quality awareness of the employees through regular meetings and training. At the same time, we have implemented the quality management responsibility system for project managers at all levels, confirming their responsibility for implementing the quality policy and objectives.

#### **Project Operation**

During the operation of the project, the Group has established and strictly enforced the “Operation Quality Management System” and other internal rules and regulations, continuously improving our operation quality through daily on-site inspections and operation training. The safety and quality department adopts the principle of “hierarchical management and hierarchical responsibility” for quality inspection, and the quality management department at all levels conducts education, training and assessment work for management personnel, while the person in charge of the grassroots unit oversees the unit facilities, process flow, factory construction, working environment and industry data management. All business units and departments work together, adjust the inspection frequency according to actual operation, monitor the business operation process in all directions, and ensure service quality.

During the Year, we have rigorously tested the water for nitrogen, phosphorus, sulphides, chemical oxygen demand, suspended substances, and dissolved oxygen according to national and regional standards. The overall effluent quality has met the Grade A and Grade B criteria of the “Pollutant Discharge Standards of Urban Sewage Treatment Plants” (GB18918-2002), ensuring it is safe for discharge.

#### *Customer Service Management*

For better understanding of our customers’ views, the Group encourages them to meet with our customer service representatives or call our customer service hotline to share their feedback. We have further improved the timeliness and quality of the 12345 Citizen Hotline, prioritizing the resolution of issues of public concern. We continue to strengthen our service awareness and implement follow-up monitoring to ensure that public satisfaction with our services is maintained at a high level. To achieve this goal, we have taken the following measures:

- **Enhance Training:** Offer more comprehensive training to all customer service staff, including education on professional ethics, business knowledge, and communication skills to elevate their service level.
- **Improve Management Systems:** Continuously enhance our management systems, establish a comprehensive evaluation system, and ensure that every customer service staff member fulfills their duties conscientiously and responsibly.
- **Strengthen the Supervision and Inspection:** Strengthen the supervision and inspection of customer service work to ensure that each link can be effectively implemented to improve the quality and efficiency of service.

The Group promptly resolves issues for customers via the 12345 Citizen Hotline. Upon receiving a ticket, our customer service staff analyse its content, verify the relevant information, and, if it falls within the Group’s business scope, provide professional technical support and solutions. A ticket is considered complete when the customer’s issue is satisfactorily resolved and they’ve provided positive feedback. During the year, the Group received 500 tickets through the 12345 hotline. Out of these, 178 were processed and 322 were refunded, ensuring all issues were resolved reasonably, with no complaints received about products or services. If a customer is dissatisfied or has complaints about products or services, the customer service department of each subsidiary activates standardised complaint handling procedures. Staff will face sanctions if customer complaints are ignored, unnecessarily delayed, concealed, or if false information is fabricated. The same applies if major incidents are not reported or if timely action is not taken.

### Progress during the Year

During the Year, to strengthen and standardise safety production management and safety hazards identification and rectification, and to prevent accidents, the Construction Management Center has thoroughly revised the “Safety Production Management System” and “Safety Production Accident Hidden Danger Investigation and Rectification Management System”, improving system management in areas such as safety training, investment, equipment facilities management, major hazard and dangerous operation management, safety inspections, leadership rotation, related party management, special operation personnel management, and accident reporting and emergency rescue. Additionally, in line with our latest organizational structure, the Group has revised the “Construction Management System”, “Project Quality Management System”, “Civilized Construction Management System”, “Engineering Project Tendering and Procurement Management System”, “Project Change Management System”, “Fire Safety Management System”, “Internal Security Management System”, “Traffic Safety Management System”, “Quality Management Work Economic Reward and Punishment System”, and “Operation Quality Management System”, further clarifying the responsibilities and management relationships of each company.

### Corporate Principle of Compliance and Integrity

Compliance management is the bottom line of business operation and the foundation of healthy operation of the enterprise. The Group has formulated the “Compliance Management System”, which requires each project company to carry out business activities in accordance with the law and to incorporate corporate ethics, social norms and cleanliness and self-discipline into corporate management.

The following table identifies legal, regulatory, and compliance disclosures that materially impact the Group's operations:

Aspect	Major Impactful Laws and Regulations	Compliance Status
Emissions	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“Solid Waste Pollution Environmental Prevention and Control Law of the People’s Republic of China”</p> <p>“Water Pollution Prevention and Control Law of the People’s Republic of China”</p> <p>“Environmental Impact Assessment Law of the People’s Republic of China”</p>	No cases of violations related to emissions were found at the operating sites of the Group during the Year.
Employment	<p>“Labour Law of the People’s Republic of China”</p> <p>“Labour Contract Law of the People’s Republic of China”</p>	No cases of violations related to employment were found at the operating sites of the Group during the Year.
Health and Safety	<p>“Work Safety Law of the People’s Republic of China”</p> <p>“Occupational Disease Prevention Law of the People’s Republic of China”</p> <p>“Regulations on Work-Related Injury Insurance of the People’s Republic of China”</p>	No cases of violations related to health and safety were found at the operating sites of the Group during the Year.
Labour Standards	<p>“Labour Law of the People’s Republic of China”</p> <p>“Protection of Minors Law of the People’s Republic of China”</p>	No cases of violations related to labour standards were found at the operating sites of the Group during the Year.
Product Responsibility	<p>“Company Law of the People’s Republic of China”</p> <p>“Patent Law of the People’s Republic of China”</p>	No cases of violations related to product responsibility were found at the operating sites of the Group during the Year.
Anti-Corruption	<p>“Criminal Law of the People’s Republic of China”</p> <p>“Anti-Unfair Competition Law of the People’s Republic of China”</p> <p>“Anti-Money Laundering Law of the People’s Republic of China”</p>	No corruption lawsuits have been filed against the Group or employees, and no violations of laws and regulations related to anti-corruption were found at the operating sites of the Group during the Year.

Corruption significantly impacts corporate governance and compliance. The Group is dedicated to upholding transparency, integrity, and accountability. We have established systems such as the “Anti-Fraud Management System”, “Implementation Measures for Strengthening Supervision Work of the Capital Environmental Protection Group”, and “Working Methods for Responding to Opinions on Party Conduct and Clean Government (Trial)”. These systems regulate conflicts of interest, acceptance of bribes, privacy, confidentiality, and promote the reporting of any illegal or unethical behaviour. Furthermore, the Group has set several rules for the bidding process. These include forbidding bidders from exerting pressure on the tenderer during the bid review, clarification, evaluation, comparison, and awarding stages, to eradicate any form of corruption and bribery.

The Group’s Disciplinary Inspection Office is responsible for reviewing investigation reports and making recommendations on how to deal with situations where employees are suspected of being involved in corrupt practices. Sources and channels of information include letters, visits, reports, audits, inspections, case investigations, handling of major incidents, financial inspections and other special inspections. The Disciplinary Inspection Office is responsible for following up the information. If the information is found to be true, the personnel concerned will be notified and criticised, transferred from their positions, demoted, dismissed, or even terminated from the labour relationship, and if they violate the law, they will be transferred to the judicial authorities for handling.

Anti-corruption training is organised for all directors and employees at least once a year. Each director and employee receive 15 hours of relevant training in the Year.

### Progress during the Year

The Disciplinary Inspection Office has continued to address the Group’s corrupt behaviours during the Year through daily supervision, risk identification and governance, and integrity education, ensuring corporate integrity and fairness. So far, the Discipline Inspection Office has conducted 234 supervisory inspections using work prompts, telephone inquiries, and on-site visits, rectifying 18 latent issues. For key problems, they have used reminder letters and other means to prompt relevant units and departments to fulfill their rectification responsibilities, establishing and improving 132 integrity files for cadres. They have published six issues of the “Integrity Lecture Hall” internal journal, broadcasted 30 episodes of integrity videos, enhancing all employees’ integrity awareness. During the Year, the Discipline Inspection Office has focused on supervising areas and subsidiaries outside Tianjin, conducting in-depth grassroots research and supervision. In line with actual supervision and management, they issued the “Implementation Measures for Strengthening the Supervision of Regional Companies”, established a counterpart liaison work mechanism, clarified supervision priorities, and specifically invested in key areas like finance, bidding, procurement, and operations to develop the “Integrity Risk Prevention Handbook”, thereby improving the corporate risk resistance ability.



## SUSTAINABLE ENVIRONMENTAL OPTIMIZATION

### Environment Management

Water is the source of life and an indispensable and important resource for social development. As a professional service provider in the field of water treatment and water resources utilisation, the Group is well aware of our responsibility to provide safe, reliable and efficient water services to the community while playing an active role in protecting the environment. The Group continues to invest in upgrading the water treatment technology and infrastructure to ensure effective utilisation of water resources and strict control of water quality.

Technology work continues to focus on the needs for technological innovation in areas such as “stable operation of sewage plants”, “utilisation of sludge resources”, “development of new products and processes”, “energy saving and consumption reduction”, and “dual carbon”. Extensive research has been conducted on energy saving and consumption reduction in sewage treatment plants, industrial wastewater treatment, and the improvement of sewage treatment technology. We have concentrated our efforts on projects such as joint treatment, disposal, and resource utilization of urban kitchen waste and municipal sludge. We also focus on urban wastewater regeneration and utilization, material energy recovery from urban wastewater, and service evaluation systems for urban wastewater plant resource regeneration and ecological optimization. By accelerating the transformation of our research findings, we aim to build a strong technological reserve for future development.

During the Year, the Group secured a total of 47 authorized patents, including 9 invention patents and 38 utility model patents. We also obtained 10 computer software copyright. Currently, the Group holds 198 valid patents, comprising 39 invention patents, 154 utility model patents, 5 design patents, and 20 software copyrights.

By virtue of the good performance, the Group has been honored as one of the “Top 10 Most Influential Enterprises in China’s Water Industry” by China Water Network for 19 consecutive years, and has been selected as one of the “Top 50 Environmental Protection Enterprises in China” for 6 consecutive years, which has established a good corporate image and brand reputation.



### Green Daily Operation

In recent years, the Chinese government has shown significant interest in ecological civilization construction. As part of the Paris Agreement, it committed to reducing carbon emissions per unit of GDP by 60% to 65% by 2030. The “14<sup>th</sup> Five-Year Plan’ Comprehensive Work Plan for Energy Conservation and Emission Reduction” outlines the development targets, including reducing energy consumption per unit of GDP by 13.5% by 2025, as compared to 2020 levels, and making substantial reductions in various forms of pollution. The Group’s environmental management system meets the ISO14000 standard. Under the Operations Management Center’s supervision, the Group has developed and enacted internal management systems and working guidelines, including the “Environmental Protection Work Responsibility System” and “Guidelines for the Classification of Domestic Waste”, which aim to minimise water and land pollution and reduce hazardous and non-hazardous waste generation, as well as to achieve low-carbon emissions and reduction in business management and operations. The Group’s Operations Management Center is responsible for environmental management-related tasks, which include but are not limited to:

- Developing the Group’s annual and long-term environmental plan
- Reviewing and maintaining the environmental management program for each project
- Overseeing the implementation of environmental protection measures

### Promoting new environmental technologies

To minimise impact on the environment, the Group enforces an environmental management plan and supervision system during construction and operation, ensuring the implementation of effective environmental protection measures. In construction projects, the Group adopts the following actions to protect the local ecological environment and prevent pollution at the construction site:

- At the initial stage of construction: Actively carry out environmental impact assessment, report to the competent administrative department for approval in accordance with the approval procedure, and strictly implement the environmental protection measures proposed in the documents approved by the environmental impact assessment.
- During the construction phase: Concentrate on major environmental pollution factors like dust, noise, construction wastewater, and solid waste, implement reasonable and effective environmental protection measures as required in the operation area to control the environmental impacts during the construction period to the lowest possible level.
- Upon construction completion: Conduct inspections, monitoring, and record the construction and troubleshooting process of the project’s environmental protection facilities, apply for a pollutant discharge permit promptly, develop a risk emergency plan, execute the final environmental protection acceptance tasks, and address any discovered environmental protection issues without delay. After the environmental protection acceptance tasks are completed, integrate the environmental management measures for the operation period into the corporate management system, enhance job operation procedures, assign environmental protection responsibilities, and accept oversight from environmental protection authorities at all levels.

In the operational phase, we have invested resources in research and development of odor and noise control, as well as noise and odor reduction, sludge treatment and greening processes at our operating sites to further reduce the burden of our operations on the environment. The Group has also formulated risk contingency plans, including immediate remedial measures, long-term follow-up measures and operational improvement plans, to ensure that risks are addressed in a timely manner and irreversible damage to the environment is avoided. Each project company has established a timely and transparent reporting mechanism to ensure that it is the first to contact local environmental protection organizations and government departments to explain the accident and minimise the impact of the accident on the surrounding areas and the environment.

The Group recognise that all environmental initiatives necessitate the combined efforts of employees, business partners, and customers. To elevate employees' environmental consciousness, we include environmental management in the performance appraisal of relevant projects and personnel. Moreover, the Group regularly arranges various environment-related trainings, allowing employees to comprehend environment-related laws, regulations, technologies, and products, thereby strengthening their commitment to environmental protection and sustainability.

#### *Meeting the Emission Requirements*

The Group strictly follows the environmental protection laws, regulations, and industry standards of operational locations. This includes, but is not limited to, the “Environmental Protection Law of the People’s Republic of China”, the “Air Pollution Prevention Law of the People’s Republic of China”, the “Water Pollution Prevention Law of the People’s Republic of China”, and the “Solid Waste Pollution Environmental Prevention Law of the People’s Republic of China”.

In the sewage treatment business, the Group is committed to ensuring that treated sewage discharges comply with local government effluent quality standards. To this end, the Group carries out targeted research work, conducts in-depth studies on different types of sewage, and strengthens the control of sewage discharge by improving treatment technology and optimising treatment facilities.

The Group has been proactive in waste management, employing source management and process control to reduce waste discharge to land and water bodies. Throughout the Year, the total weight of hazardous waste, including electronic waste, laboratory waste liquid, and fly ash, generated from various projects was 29,632 tonnes. This waste was disposed of by qualified third parties. Additionally, the total amount of non-hazardous waste generated, mainly post-dewatering sludge and domestic garbage, was 1,072,238 tonnes. Compared to the previous year, there was a slight increase in both hazardous and non-hazardous waste due to the expansion in the number of operating sites. To promote green development, the Group will continue to enhance the production process and product life cycle management. By improving resource utilization and promoting recycling, we aim to create a sustainable ecosystem.

The primary sources of air pollutant emissions from the Group’s operations during the Year came from the solid waste incineration business and the combustion of fossil fuels by stationary equipment and company vehicles, resulting in nitrogen oxides, sulfur oxides, and particulates. The Group is devoted to enhancing air pollution prevention and reducing emissions, closely monitoring the operation of the online emissions surveillance system. Any issues found are immediately reported, addressed, and noted to ensure that the pollution prevention and monitoring facilities are functioning properly and meeting standard emissions.

### *Managing Resources*

Day-to-day operations of the Group involve the use of various resources, including electricity, fuel and water. Water is a precious resource of the earth and the Group endeavors to conserve and reuse water in the operations. The water resources used by the Group are mainly from municipal water supply or tap water and the Group has not encountered any problems in obtaining suitable water resources. Notwithstanding the above, the Group still pays attention to regular inspections of taps and water pipes for leakage, and popularises the concept of water conservation among employees to reduce wastage at source.

In the realm of energy, the Group creates an annual energy conservation and emission reduction plan in line with the “Energy Management System”. The approved plan is executed by the technical and administrative units of the sewage treatment plant. Relevant departments arrange their energy use based on this plan, integrating it into staff workflows. Concerning other resources, the Group consistently refines the design, process, and material management to decrease waste and enhance resource efficiency. Moreover, we adopt the 5R principles: Replace, Reduce, Reuse, Recover, and Recycle, having established a policy of material recycling to extend their lifecycle and prevent the waste of critical resources that can be recovered and reused.

Energy	Implement zonal lighting and adopt LED lighting systems; Turn off night lighting in public areas; On the premise of satisfying sewage treatment quality, environmental and safety requirements, reasonably adjust equipment to reduce electricity consumption; Gradually phase out energy-consuming equipment and adopt energy-saving equipment.
Water	Introduce water-saving faucets and water-saving toilet systems; Post water-saving slogans; Monitor water consumption to detect any irregularities; Adopt effective water-saving production methods and tools.
Other resources	Implement waste sorting, recycle and reuse as much as possible; Adopt double-sided printing; Monitor material loss to detect any irregularities.

In the future, the Group plans to implement more comprehensive resource management methods, will routinely review the use of energy, water, and other resources, and encourage more sustainable practices in operations.

### *Responding to Climate Change*

The five large-scale scientific assessments conducted by the Intergovernmental Panel on Climate Change (IPCC) in recent years have shown that global temperatures have risen by about 1.0 degrees Celsius compared with the pre-industrial period, largely as a result of human activities. According to the reports of international organizations such as the Global Adaptation Council, the global economic losses caused by climate change disasters will exceed \$300 billion by 2020, and by 2030, more than 120 million people will be plunged into absolute poverty as a result of climate change. If we do not take more mitigation and adaptation actions, the global temperature may rise by 3°C, 4°C or even more by the end of this century, which will have an even more disastrous impact on human society. These figures show that climate change is an urgent and serious crisis of reality that requires the joint efforts of all mankind to solve. In order to meet the challenge of climate change, 56 countries around the world have announced that they will achieve carbon neutrality by mid-century, accounting for nearly 70 per cent of global emissions.

Recognising the need to mitigate climate change risks and minimise environmental impact, the Group focuses on the greenhouse gas emissions from operations. To assess and disclose these emissions, the Group consistently records and monitors data from business activities. The process for quantifying greenhouse gases and energy use adheres to the national standards and guidelines of the People's Republic of China, the international standard ISO14064-1, and the Greenhouse Gas Inventory Protocol.

The largest contributors to the Group's greenhouse gas emissions are the indirect emissions from purchased electricity, accounting for 98% of the total emissions from Scope 1 and Scope 2. Moving forward, the Group will continue to assess, document, and disclose environmental data on an annual basis. Regular reviews of the efficacy of current energy-saving measures will be conducted, along with the study and development of related emission policies, providing guidance for future project operations.

Further, the Group is assessing the physical and transition risks that climate change may pose to operations. For example, due to our geographical locations, the Group's assets may be damaged by extreme weather events such as heavy rainfall and flooding, which could jeopardize the safety and stability of operations and increase the operation and maintenance costs and insurance investments. The Group will also be subject to carbon emission restrictions as the relevant policies are tightened, which may result in increased compliance costs and operating costs. The Group has incorporated relevant factors into its sustainability risk assessment and management, and in the future plans to assess more comprehensively the climate-related risks and corresponding opportunities affecting the Group's business, in line with the international recommendations of the Task Force on Climate-Related Financial Disclosure established by the Financial Stability Board.

To further improve environmental performance, the Group will actively look for opportunities in green finance, with the aim of enhancing equipment efficiency and developing new energy technology projects, as well as properly monitor and manage carbon emissions to reduce climate-related risks.

### Progress during the Year

During the Year, the Group has garnered numerous honors in fields such as environmental protection industry leadership, scientific research and development, and technological innovation. The following are some of our notable achievements: the “Regional Comprehensive Energy Station Low Carbon Application Scenario” was recognised as a low carbon zero carbon application scenario by the Tianjin Development and Reform Commission; the Company and Caring Company were honored with the “Coordinated Development and Technological Innovation” title in Nankai District; the “Research and Application of Distributed Neuron Intelligent Control Equipment for the Whole Process of Sewage Treatment” won the merit award in the fourth Tianjin “Haihe Talents” Innovation and Entrepreneurship Competition for Postdocs; the “Key Techniques and Application of Low Carbon Treatment and High Efficiency Energy Utilisation of Sludge in Urban Sewage Treatment Plants” achieved the international leading level; the projects “Cultivation Method and Device Design of Anammox Bacteria Based on TRIZ Theory” and “Research and Application of Distributed Neuron Intelligent Control Equipment for Sewage Treatment Based on TRIZ Concept” were awarded second and third prizes in the 2023 China Innovation Method Competition (Tianjin Division) and the Eighth Tianjin Innovation Method Competition; the “Karamay City Second Sewage Treatment Plant PPP Project” was recognised as an “Excellent Case of Water Environment Treatment” by the E20 Environmental Platform; the “Jingu Sewage, Reclaimed Water, Sludge Circular Economy Demonstration Project” was successfully selected for the 20th Second Batch of China Civil Engineering Zhan Tianyou Award by the China Civil Engineering Society; the “Urban Sewage High Standard Treatment Complete Process Technology and Equipment Facing Water Ecological Safety” project was successfully included in the list of first prize recommended award projects for the 2023 Huaxia Construction Science and Technology Award.

## COLLABORATIVE SOCIAL DEVELOPMENT

Corporate achievement is closely linked to social progress. Only by mutually developing can enterprises continue to thrive. While carrying out business operations, we are committed to growing together with employees, partners, communities, and other stakeholders, and creating a shared value.

### Growth of Employees

The Group is committed to providing learning opportunities for our employees. We continue to improve our “Training Management System” and provide specialised and thematic training to employees at different levels and in different positions according to their actual needs, hoping that they will continue to add value to their work and give full play to their strengths.

The Human Resources Department manages all training within the Group, including arranging instructors and following up on training for employees, disseminating training notices, and overseeing training expenses. The Group provides in-house training and support employees in external vocational training for their career development. Safety training is a crucial part of our program, and we utilize varied methods to enhance safety awareness among employees at all levels. In addition to mandatory training, the Group conducts annual sessions for quality enhancement, self-improvement, and managerial responsibilities to boost employees’ professional knowledge and skills. For new hires, a three-tiered education and training program will be arranged, with the aim to familiarize them with our history and strategy, administrative and HR management systems, and safety and production knowledge. New employees must pass a post-training examination before commencing work.

The Group will regularly conduct surveys to collect employee training needs. The results will form the basis of the annual training plan. Various training programs will be formulated to meet the needs of the employees.

Number of Persons Trained in the Year



Progress during the Year

In the Year, the Group organised the Employee Skills Competition in accordance with the work orientation of “Learning Skills, Growing Talents and Seeking Development”. After half a year, a total of 126 people in four professional trades, namely, sewage treatment workers, electricians, mechanical maintenance workers and laboratory technicians, had their skills upgraded, which set off a craze of learning skills and comparing skills in the whole Group.

### Win-win Value Chain

Sustainable development can never be achieved by a single organisation. We emphasise synergies with various partners, enhance communication and cooperation, and aim to encourage enterprises across the supply chain to boost their sustainability. Among our efforts, supplier management is a key focus. By proactively managing the supply chain, the Group strives to maximise the value for customers and establish a sustainable competitive edge.

The Group has established and implemented the “Procurement Management System for Non-statutory Bidding Project” to ensure a fair and equitable process for selecting suitable suppliers. It includes the use of different procurement methods for varying contract amounts, such as internal procurement, multi-party selection, competitive negotiation, and public bidding. For information technology external services and special institutions, such as financing and financial auditing intermediaries, our targeted selection and management system helped guide the compliance of relevant work. During the selection process, the Group also emphasizes the environmental and social responsibilities of suppliers, aiming to minimise potential environmental and social risks within the supply chain.

- |                              |  |
|------------------------------|--|
| Environmental Responsibility | <ul style="list-style-type: none"><li>• Comply with local government environmental laws and regulations</li><li>• Reduce greenhouse gas and waste emissions in operations</li><li>• Use environmentally friendly materials and services where feasible</li></ul> |
| Social Responsibility        | <ul style="list-style-type: none"><li>• Ensure the safety and health of employees</li><li>• Prohibit the use of child labor and forced labor</li></ul>   |

With regard to supplier performance appraisal, all project companies and departments of the Group regularly monitor the performance of suppliers in accordance with the appraisal criteria set out in the “Guidelines for the Evaluation and Management of Service Units”, fill in the appraisal forms, which are reviewed by the Procurement Committee and finally submitted to the General Manager’s Office for approval, and the list of approved suppliers will be updated accordingly. During the Year, we established cooperative relationships with 18,308 individual and institutional suppliers<sup>6</sup> in respect of materials such as sewage treatment chemicals, flocculants, equipment and accessories, laboratory supplies and utensils, office and household supplies, as well as the provision of services such as equipment repairs, facility maintenance, sludge disposal and transportation, property, security, janitorial, catering, monitoring, testing, design and legal services. Some of our suppliers have obtained ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications for quality management, environmental management, and occupational health and safety management systems. These certifications demonstrate not only the competence and expertise of our suppliers, but also their commitment to their environmental and social responsibilities.

<sup>6</sup> All are located in Mainland China.

The Group prioritises privacy protection during cooperation with various parties, handling partner and customer information with utmost care. Our “Confidentiality System” outlines the requirements for managing confidential documents, personnel, facilities, and information transmission. Each department has been responsible for implementing relevant management measures for different types of information, and the leading group for confidentiality work of the Group has regularly inspected the data protection work carried out by each department. The management, protection, and utilization of intellectual property rights are governed by the “Patent Law of the People’s Republic of China” and the “Rules for the Implementation of Patent Law of the People’s Republic of China”. To manage these rights, we have developed system documents on patent application and maintenance considering the Group’s actual situation. These documents regulate the entire process of patent filing, evaluation, application, and maintenance. Employees understand their responsibility to ensure the originality of their authored documents and information, without infringing on any third-party rights. Furthermore, the Group only permits the use of licensed software. The “Guidelines for the Management of IT Service Outsourcing” mandate that the service agreement explicitly stipulates the non-infringement of intellectual property rights.

### Social Welfare

As a responsible company, the Group strives to understand the needs of all stakeholders and the communities where we provide our products and services, and to meet their expectations. Especially as a state-owned enterprise, we are committed to fulfilling our social responsibility, supporting the development of the areas where we operate, and actively carrying out targeted assistance in line with national policies. The Group’s “External Donation Management System” regulates external donations, including the requirements for annual budget preparation and oversight. The Group also encourages employees to engage in community volunteer activities, create value for the community, contribute to social progress, and foster an inclusive community.

### *Spreading Environmental Knowledge to Co-Create a Beautiful Ecology*

With the State vigorously promoting the construction of ecological civilization, the Group promoted the normalisation and standardisation of environmental protection public open activities, and continued to broaden the channels for participation by all sectors of the community. As a pilot unit of public openness in Tianjin, Jingu Sewage Treatment Plant continued to carry out public openness activities centering on the Group’s “Six Project Actions” to publicise the concept of green ecology. In the Year, it organised 14 activities with a total of 867 participants. These activities gave the public a better understanding of our work and raised their awareness of environmental protection.

The Group is dedicated to investing in environmental protection and public education, beyond opening environmental protection facilities. We aim to develop more communication channels, including organising water conservation and environmental protection seminars in communities and schools, to raise users’ awareness about environmental protection. For instance, Hefei Company launched a water conservation volunteer service and a water conservation class at Mudian Community and Hefei Guanjing Primary School. They distributed pamphlets and environmental bags to guide the public towards reasonable water usage and conservation. In response to “Xi’an Eco-Day”, Xi’an Company launched a publicity campaign about sewage treatment at a metro station near Beishiqiao Plant, increasing public awareness about sewage treatment. Qujing Company organised a series of activities during “Water Conservation Publicity Week”, distributing over 20,000 water conservation publicity materials. Water conservation tips were actively promoted through display boards, brochures, LED electronic screens displaying water conservation videos, and hanging water conservation slogans.

Furthermore, Hangzhou Company has formed a volunteer team consisting of young employees, regularly performing river patrol and protection services. During the Year, they have mobilized a total of 15 people to partake in these services, with each patrol averaging an hour. They are personally contributing to the city’s ecology by protecting the ‘clean water, smooth river, green bank, beautiful scenery’ water environment.

Activities for 6.5 World Environment Day

The 5th of June, 2023 is the 52<sup>nd</sup> World Environment Day. The theme of China’s Environment Day is “building a modernisation of harmonious coexistence between human beings and nature”, advocating a simple and moderate, green and low-carbon lifestyle, and striving to build a home on earth where human beings and nature coexist harmoniously. As in previous years, the Group’s project companies actively carried out activities on the Environment Day, giving full play to the advantages of the enterprise, enhancing public awareness of environmental protection, and creating a good social atmosphere of ecological and environmental protection.

The Hanyang Road Sewage Treatment Plant, in partnership with Caring Company and the Anhuali Community Party Committee, initiated a 6.5 Environment Day campaign and a “Civilisation Starting with Children” volunteer service. This project, through micro-lectures, micro-videos, trivia quizzes, and garbage classification games, taught children the importance of reusing waste materials for environmental protection. Qujing Company extended its environmental protection facilities to the second kindergarten in the Qilin District of Qujing City, organising environmental protection practice activities under the theme of “enlightening environmental protection among children”. It also conducted “water resources protection” study activities with the Lantian Kindergarten in Qujing City. Hefei Company shared environmental protection knowledge with the public at Shaoquan Lake’s shore, distributing 800 water conservation brochures and 500 environmental protection bags on-site. Similarly, Jieshou Company shared environmental protection information at the Jieshou People’s Square, distributing promotional folders, nail clipper sets, water pens, and company picture books valued at RMB3,340. Through these efforts, we have guided the general public towards developing good habits for reasonable water use and conservation.



*Developing Public Welfare Assistance and Caring for Vulnerable Groups*

In response to the “Notice on Carrying out Consumer Assistance and Agriculture Income Increase Actions” by the Tianjin State-owned Assets Supervision and Administration Commission, the Group invested a total of RMB395,000 in consumption assistance activities. These activities were linked with employee holiday welfare, providing benefits for employees while promoting rural revitalisation. Various project companies also carried out unique assistance activities according to local conditions. For instance, Bayannur Company visited two underprivileged families to understand their living conditions and provided them with condolences worth RMB1,000. Shandong Company gave care to the elderly in Liujiacun Village, promoting the co-construction of the village and enterprise. The Group also sends exceptional talents to work in critical aid areas to consolidate and expand poverty alleviation achievements and promote rural revitalization. During the Year, we sent a party member from Qujing Company to serve as the first secretary in Beigu Village, Tangtang Town, Xuanwei City, Qujing City, Yunnan Province.

Except for the village support work, we often cooperate with charitable organizations and organize volunteer activities on our own initiative to care for the needs of the disadvantaged. Jingu Sewage Treatment Plant organised a care program for the elderly, helping them with the cleaning and physical exercise required for daily life, creating a good atmosphere of love, respect and filial piety for the elderly. Xi’an Company carried out visit and care activities before the Dragon Boat Festival and Mid-Autumn Festival respectively, sending living necessities to the difficult families in the community and calling on employees to participate in the 10 Yuan Care Action, which is used to help the widowed and orphaned elderly, poor students, laid-off and unemployed people, orphans, and people who are in difficulties due to major diseases or special accidents. In addition, when the college entrance examination was approaching, Bayannur Company also carried out volunteer service activities to help the college entrance examination, provided free summer medicines and drinking water for college students, sent cool souvenirs to sanitation workers in the development zone on hot summer days, and sent school supplies to the 10th Primary School of Linhe District in the form of field visits.

Overall, the Group is dedicated to contributing to society by maintaining a people-oriented approach and social responsibility. This commitment extends to assisting the disadvantaged, promoting environmental protection, and caring for vulnerable groups. In the future, we will persist in our efforts and commitment to enhancing our corporate values, aiming to play an even greater role in society.

## KEY PERFORMANCE INDICATORS OVERVIEW

<i>Environmental Key Performance Indicators</i>	<i>2023</i>	<i>2022</i>
<i>Air pollutants emissions<sup>7</sup></i>		
Nitrogen oxides (tonnes)	22,675 <sup>8</sup>	29,441
Sulphur oxides (tonnes)	3,132	2,341
Respiratory suspended particles (tonnes)	1,573	1,319
Carbon monoxide (tonnes)	2,608	2,242
Hydrogen chloride (tonnes)	0.954	0.699
<i>Greenhouse gas emissions<sup>9</sup></i>		
Scope 1 (tonnes of carbon dioxide equivalent) <sup>10</sup>	4,430	3,553
Scope 2 (tonnes of carbon dioxide equivalent) <sup>11</sup>	386,671	382,852
Scope 3 (tonnes of carbon dioxide equivalent) <sup>12</sup>	116	45
Total greenhouse gas emissions (tonnes of carbon dioxides equivalent)	391,217	386,450
Greenhouse gas intensity (tonnes of carbon dioxide equivalent/facility)	5,589	6,134

<sup>7</sup> Includes emissions from solid waste combustion projects, as well as emissions from other stationary equipment and vehicles running on fossil fuels. The emissions of solid waste combustion projects are calculated based on the records of the pollutant monitoring system; for other emissions, refer to the emissions factors in HKE's "How to Prepare Environmental, Social and Governance Reports – Appendix 2: Reporting Guidance on Environmental KPIs", Ministry of Ecology and Environment of the People's Republic of China "Technical Guidelines on Preparation of Emission Inventory of Air Pollutants from Road Vehicles" and "Manual of Pollutant Emission Coefficients from Domestic Pollution Sources".

<sup>8</sup> The nitrogen oxides produced by the solid waste combustion projects make up 82% of the total nitrogen oxide emissions. This year's air pollution control measures in certain areas have led to an increase in the use of denitrification reagents at operation points, which has reduced the concentration of nitrogen oxide emissions.

<sup>9</sup> Calculation method refers to HKE's "How to Prepare Environmental, Social and Governance Reports – Appendix 2: Reporting Guidance on Environmental KPIs" and "2006 IPCC Guidelines for National Greenhouse Gas Inventories".

<sup>10</sup> Including fossil fuel combustion emissions from stationary equipment, off-road mobile sources and vehicle travel, emissions from welding processes, fugitive emissions from fire suppression systems, and reductions in carbon sequestration from tree planting.

<sup>11</sup> Including indirect emissions from purchased electricity and heat. The national average emission factor for electricity, updated annually by the Ministry of Ecology and Environment, is used to calculate electricity emissions. The heat emissions factor is 0.11 tons of CO<sub>2</sub> per GJ.

<sup>12</sup> Including indirect emissions from employee business travel by air.

<i>Environmental Key Performance Indicators</i>	<i>2023</i>	<i>2022</i>
<b><i>Waste</i></b>		
Total non-hazardous waste (tonnes)	1,072,238	1,011,165
Non-hazardous intensity (tonnes/facility)	15,318	16,050
Total hazardous waste (tonnes)	29,632	29,300
Hazardous waste intensity (tonnes/facility)	423	465
<b><i>Energy consumption</i></b>		
Natural gas (MWh)	13,930	5,922
Gasoline (MWh)	1,738	1,670
Diesel (MWh)	1,105	601
Liquefied petroleum gas (MWh)	160	0
Acetylene (MWh)	14	0
Purchased electricity (MWh)	670,526	648,246
Purchased heat (MWh)	10,783	15,711
Sold heat (MWh)	63,374	66,981
Sold cooling (MWh)	55,011	51,060
Total energy consumption (MWh) <sup>13</sup>	579,871	554,109 <sup>14</sup>
Energy intensity (MWh/facility)	8,284	8,795 <sup>14</sup>
<b><i>Water consumption</i></b>		
Total water consumption (cubic metres)	9,772,933 <sup>15</sup>	2,102,488
Water consumption intensity (cubic metres/facility)	139,613	33,373

<sup>13</sup> Calculated as follows: Total energy consumption = total use of direct energy (natural gas, gasoline, diesel, liquefied petroleum gas and acetylene) and indirect energy (purchased electricity and heat) – total energy sold.

<sup>14</sup> Restated for 2022 to subtract the total amount of energy sold externally.

<sup>15</sup> Throughout the year, water main breaks in some of facilities resulted in an increase in water usage.

## 2023 Environmental, Social & Governance Report

<i>Social Key Performance Indicators</i>		<i>2023</i>	<i>2022</i>
<i>Number of employees<sup>16</sup></i>			
<i>Gender</i>	Male	1,532	1,553
	Female	718	712
<i>Age</i>	19 years old or below	0	0
	20-29 years old	342	399
	30-39 years old	903	893
	40-49 years old	723	704
	50 years old or above	282	269
<i>Geographical region<sup>17</sup></i>	Headquarters	164	–
	Beijing-Tianjin-Hebei Region	439	–
	Yellow River Basin Region	393	–
	Yangtze River Delta Region	303	–
	Greater Bay Area Region	207	–
	Southwest Region	249	–
	Caring Company	268	–
	Green Energy Company	83	–
	Reclaimed Water Company	144	–
<i>Total</i>		2,250	2,265

<sup>16</sup> All employees in the Group's reporting boundary were full-time employees.

<sup>17</sup> The current year's geographical segments have been adjusted to take account of the Group's new business structure and the 2022 figures cannot be segmented in this way.

<i>Social Key Performance Indicators</i>		<i>2023</i>	<i>2022</i>
<i>Number of other workers<sup>18</sup></i>			
<i>Gender</i>	Male	77	–
	Female	35	–
<i>Age</i>	19 years old or below	0	–
	20-29 years old	21	–
	30-39 years old	17	–
	40-49 years old	29	–
	50 years old or above	45	–
<i>Employee's turnover rate</i>			
<i>Gender</i>	Male	5.8%	5.6%
	Female	3.5%	4.1%
<i>Age</i>	19 years old or below	0%	0%
	20-29 years old	10.5%	9.5%
	30-39 years old	4.2%	4.6%
	40-49 years old	1.8%	1.7%
	50 years old or above	9.6%	9.3%
<i>Geographical region<sup>17</sup></i>	Headquarters	13.4%	–
	Beijing-Tianjin-Hebei Region	3.2%	–
	Yellow River Basin Region	9.9%	–
	Yangtze River Delta Region	1.7%	–
	Greater Bay Area Region	2.4%	–
	Southwest Region	3.6%	–
	Caring Company	3.4%	–
	Green Energy Company	6.0%	–
Reclaimed Water Company	4.2%	–	
<i>Total</i>		5.1%	5.1%

<sup>18</sup> Including employees of contractors, subcontractors and labours from dispatch companies working at the Group's operating sites. The Group started disclosing relevant data from the current year.

## 2023 Environmental, Social & Governance Report

<i>Social Key Performance Indicators</i>		<i>2023</i>	<i>2022</i>
<i>Percentage of trained employees</i>			
<i>Gender</i>	Male	90.2%	99.1%
	Female	94.6%	99.4%
<i>Employment type</i>	Other management staff and employees	92.6%	97.5%
	Managers	78.3%	100%
	Senior managers	90.0%	100%
<b>Total</b>		91.6%	99.2%
<i>Average training hours of employees (hours)</i>			
<i>Gender</i>	Male	53	47
	Female	50	46
<i>Employment type</i>	Other management staff and employees	49	44
	Managers	79	79
	Senior managers	131	170
<b>Total</b>		52	46
<i>Anti-corruption training</i>			
<i>Average training hours (hours)</i>	Employee	15	12
	The Board	15	12

## HKEx ESG REPORTING GUIDE AND GRI STANDARDS CONTENT INDEX

HKEx General Disclosure and Key Performance			
GRI Standard	Indicators	Content	Page Index/Remarks
<i>A. Environmental</i>			
<i>A1 Emissions</i>			
GRI 305	General disclosure	Information on:	25, 28
GRI 306		(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
GRI 305-1	A1.1	The types of emissions and respective emissions data.	38
GRI 305-2			
GRI 305-3			
GRI 305-4			
GRI 305-7			
GRI 305-5	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	38
GRI 306-2	A1.3	Total hazardous waste produced and intensity.	39
GRI 306-2	A1.4	Total non-hazardous waste produced and intensity.	39
–	A1.5	Description of emission target(s) set and steps taken to achieve them.	This Group is dedicated to reducing air pollutants and greenhouse gas emissions, and will continue to monitor and record related emissions, with the goal of establishing specific reduction targets by 2025.

## 2023 Environmental, Social & Governance Report

### HKEx General Disclosure and Key Performance

GRI Standard	Indicators	Content	Page Index/Remarks
GRI 306-2	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	29; This Group is dedicated to strengthening waste reduction efforts and will continue to monitor and record the amount of waste generated and disposed of, with the goal of establishing specific waste reduction targets by 2025.
<i>A2 Use of Resources</i>			
GRI 301 GRI 302 GRI 303	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	28, 30
GRI 302-1 GRI 302-3	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	39
GRI 303-5	A2.2	Water consumption in total and intensity.	39
–	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	This Group is dedicated to improving energy management and efficiency and will continue to monitor and record the energy consumption, with the goal of establishing specific energy-saving targets by 2025.
–	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	30; This Group is dedicated to improving the water management performance and increasing water use efficiency and recycling, and will continue to monitor and record water consumption, with the goal of establishing specific targets related to water resources by 2025.
GRI 301-1	A2.5	Total packaging material used for finished products and per unit produced.	It is not relevant to the Group's business.

HKEx General Disclosure and Key Performance			
GRI Standard	Indicators	Content	Page Index/Remarks
<i>A3 Environment and Natural Resources</i>			
–	General disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	28
–	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	28-29
<i>A4 Climate Change</i>			
–	General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	31
–	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	31
<i>B. Social</i>			
<i>B1 Employment</i>			
GRI 401 GRI 405 GRI 406	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	17, 25
GRI 102-7 GRI 102-8 GRI 405-1	B1.1	Total workforce by gender, employment type, age group and geographical region.	40
GRI 401-1	B1.2	Employee turnover rate by gender, age group and geographical region.	41

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### HKEx General Disclosure and Key Performance

GRI Standard	Indicators	Content	Page Index/Remarks
<i>B2 Health and Safety</i>			
GRI 403	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	18-20, 25
GRI 403-9	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	No work-related fatalities occurred in the past three years.
GRI 403-9	B2.2	Lost days due to work injury.	No work-related injury incidents occurred.
–	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	18-21
<i>B3 Development and Training</i>			
GRI 404	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	32
–	B3.1	The percentage of employees trained by gender and employee category.	42
GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category.	42

HKEx General Disclosure and Key Performance			
GRI Standard	Indicators	Content	Page Index/Remarks
<i>B4 Labour Standards</i>			
GRI 408	General disclosure	Information on:	17, 25
GRI 409		(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
GRI 408-1	B4.1	Description of measures to review employment practices to avoid child and forced labour.	17
GRI 409-1	B4.2	Description of steps taken to eliminate such practices when discovered.	17
<i>B5 Supply Chain Management</i>			
GRI 308 GRI 414	General disclosure	Policies on managing environmental and social risks of the supply chain.	34
–	B5.1	Number of suppliers by geographical region.	34
–	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	34
–	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	34
–	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	34

## 2023 Environmental, Social & Governance Report

### HKEx General Disclosure and Key Performance

GRI Standard	Indicators	Content	Page Index/Remarks
<i>B6 Product Responsibility</i>			
GRI 206	General disclosure	Information on:	22, 25, 35
GRI 416		(a) the policies; and	
GRI 418		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
–	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	It is not relevant to the Group's business.
–	B6.2	Number of products and service-related complaints received and how they are dealt with.	23
–	B6.3	Description of practices relating to observing and protecting intellectual property rights.	35
–	B6.4	Description of quality assurance process and recall procedures.	22-23
–	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	35

HKEx General Disclosure and Key Performance			
GRI Standard	Indicators	Content	Page Index/Remarks
<i>B7 Anti-corruption</i>			
GRI 205	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	25-26
GRI 205-3 GRI 102-17	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year and the outcomes of the cases.	25
–	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	26
GRI 205-2	B7.3	Description of anti-corruption training provided to directors and staff.	26
<i>B8 Community Investment</i>			
GRI 203 GRI 413	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	35
GRI 203-1	B8.1	Focus areas of contribution.	35-37
–	B8.2	Resources contributed to the focus area.	35-37